

COUNCIL COMMUNICATION

TO: THE CITY COUNCIL
FROM: THE CITY MANAGER'S OFFICE

COUNCIL MEETING DATE: MAY 15, 1990


SUBJECT: FORMALIZATION OF INTEGRATED OPERATION OF NORTHERN CALIFORNIA POWER AGENCY (NCPA) GEOTHERMAL PROJECT THROUGH EXECUTION OF THE GEOTHERMAL PROJECT OPERATING AGREEMENT.

RECOMMENDED ACTION: That the City Council authorize the City Manager and City Clerk to execute the Geothermal Project Operating Agreement (Agreement).

BACKGROUND INFORMATION: When each of the two NCPA Geothermal Projects began their commercial operation, they were accounted for and operated as though the two projects were separate. Controlled operation of the Geothermal Projects has demonstrated that better utilization of the plants can be accomplished through unified operation and equitable allocation of steam between the projects.

Therefore, a Geothermal Project Operating Agreement was prepared which allows NCPA to make "best use" of the Geothermal resource, allocate steam and well drilling costs on the basis of the net output from each project - all in accord with the Memorandum of Understanding regarding the NCPA Geothermal Projects dated July 28, 1983.

Several years of study and review by NCPA and participant staffs have resulted in an agreement which allocates project costs equitably and makes participants indifferent to the source of steam as well as make best use of the generation facilities. City of Lodi staff have participated in the development of the Agreement and recommend its approval.


Henry J. Rice
Electric Utility Director